



**COMMONWEALTH OF MASSACHUSETTS
TOWN OF NEW MARLBOROUGH
OFFICE OF THE BOARD OF SELECTMEN
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**Tara B. White, Chair
Michele Shalaby
Nathaniel H. Yohalem
Board of Selectmen**

**Minutes of Selectmen's Meeting
Tuesday, September 2, 2014**

Board Members Present: Tara B. White, Chairman
Michele Shalaby
Nat Yohalem

Others Present: Michael Skorput, Administrative Assistant
Sharon Fleck, Administrative Secretary
Pat Mielke
Tom Scanlon

The meeting of the Board of Selectmen convened at 10:17 a.m.

Chairman White explained that the purpose of the meeting was to go over the audit report with Tom Scanlon and Associates for the year ending June 30, 2013.

Tom described certain underlying assertions of a financial statement such as completeness, accuracy and to be sure that cash is being reconciled. Deficiencies are classified into three categories: deficiency in internal control, material weakness, and deficiency in other matters.

Ledger vs. Cash Book - Tom explained that two of the most important assets the Town has is cash and receivables, which have to be protected. The first important point was cash and the discrepancy of approximately \$39,000 that exists between the general ledger and the bank statement reconciliations. He pointed out that the DOR certifies "free cash" based on the cash reconciliations. Pat Mielke pointed out that there was more cash in the bank than was stated on the general ledger; so far, even though they have been working diligently to rectify this problem, they have not been able to reconcile the difference. Tom suggested the Town carry the \$39,000 difference and then adjust the cash book when the processes are accurate. There is also a problem with the Payroll Withholding Tax; the split with Health Insurance that causing a deficit on the employee end of withholding. It appears that the Town overpaid Health Insurance for one month.

Reconciliation of the Taxes – Per Tom, there are discrepancies between the Tax Collector's records and the general ledger, resulting in the Town being penalized approximately \$20,000 in free cash. Tom suggested that Caren and the Accountant get together once a month to discuss the transactions that have transpired in the sub-ledger that haven't been reported in the general ledger. Selectman Yohalem requested that Tom provide the Town with a letter outlining certain

procedures to be completed in order to avoid these discrepancies. Tom agreed. There should be no variances between the Tax Collector's records and the Treasurer's records; these variances should be rectified before Pat Mielke leaves this position.

Tying up the Budgets – Tom felt that once the cash book vs. ledger and the reconciliation of the Treasurer's Records vs. the Tax Collector's records are corrected, that tying up the budgets will take care of it. Once again, there is a deficit in the Withholding account of \$20,516.

Other Matters

- Tax Collector – Going back many years, there should be no outstanding levies for more than three years. After three years, the automatic lien is lost. Tax titles should be taken for outstanding liens and credit balances should be refunded, and there are many credit balances that go many years. Chairman White explained that many of these credit balance adjustments have been made. Tom further stated that the Town should take tax title on outstanding property tax liens for 2009 and 2010.

On motor vehicle excise taxes, the Tax Collector should reconcile her account with that of the Deputy Collector (Arthur Jones) on a yearly basis, as the country will soon be linked state by state to determine outstanding accounts.

Tax receipt stubs should be stamped with the date paid and whether or not those payments were by cash or check and who took the payments, which leaves a paper trail from receipt to deposit in the bank. Receipts from the Town Clerk and Transfer Station are marked by date, cash/check or credit card.

The Tax Collector's computer software should periodically be backed up.

The Tax Collector should be bonded yearly; Chairman White explained that the Tax Collector has been bonded.

- Tom reported that several special revenue accounts have balances with unsupported documentation. One instance is the storm damage account should be closed out, as the State will close their account. Tom will close these accounts; however, there are Highway accounts that must be closed out as well.
- Overlay Accounts (uncollected real estate taxes) – Tom suggested that the Assessor's Office maintain a subsidiary ledger for the overlay accounts in order to keep track of them.
- Ambulance Receivables – Tom noted that Ambulance receipts should be recorded in the general ledger receivables and periodically reconciled.

Other Areas

- Although Tom reported that the deduction for health insurance was not being taken as a pre-tax deduction, Chairman White reported this had been fixed.

- Capital projects should be kept track of in a separate Capital Projects fund, i.e. Town Hall renovations.
- Centralize procurement records, i.e. anything over \$10,000 needs a quote; over \$35,000 needs a bid.
- Employee sick and vacation leave should be tracked and reflected on paychecks. Pat Meilke will ask Softright to put this information on paychecks
- Invoices should be submitted for payment within 30 days of receipt of invoice.
- The Accountant currently supplies a monthly budget report, but a monthly revenue report from the recap sheet should also be supplied.
- Tom reported that new future GASB reports (65 and 68) are coming out that will not affect the Town until 2015. These new reports primarily affect the retirement systems. Berkshire County Retirement will keep records that will be processed down to the Town level.
- Audits are required every two years if over \$500,000 is spent in Federal funds, any State bonding by the Town, and general practice as a way for the public to understand the financial state of the Town.

As noted, the Town will most likely have to budget more monies for outside accounting services.

Tom noted that some of the Town's accounting procedures are deficient in certain areas and are in need of improvement. He will provide the Town with a letter outlining what needs to be done to improve/fix these deficiencies.

Being that there was no further business to be brought before the Board, a motion was made, seconded and so voted by all members to adjourn the meeting at 11:10 a.m.

Respectfully submitted,

Sharon Fleck
Administrative Secretary